

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

WEALTH TAX REFERENCE No 78 of 1991

For Approval and Signature:

Hon'ble MR.JUSTICE R.K.ABICHANDANI and  
MR.JUSTICE A.R.DAVE

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1. Whether Reporters of Local Papers may be allowed to see the judgements?
  2. To be referred to the Reporter or not?
  3. Whether Their Lordships wish to see the fair copy of the judgement?
  4. Whether this case involves a substantial question of law as to the interpretation of the Constitution of India, 1950 of any Order made thereunder?
  5. Whether it is to be circulated to the Civil Judge?
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Versus

JASVIDYABEN C MEHTA

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Appearance:

R.P. Bhatt & Co., Advocates for Petitioner  
Respondent served

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CORAM : MR.JUSTICE R.K.ABICHANDANI and  
MR.JUSTICE A.R.DAVE

Date of decision: 27/01/98

ORAL JUDGEMENT (Per R.K.Abichandani,J.)

The Income Tax Appellate Tribunal, Ahmedabad has referred the following question for our opinion under Section 27(1) of the Wealth Tax Act, 1957:-

1. "Whether, the Tribunal is right in law and on facts in holding that the provisions of Rule 1D are not mandatory in character and the shares in question are required to be valued as per yield method?"

The Tribunal proceeded on the footing that the proper method for valuing the shares of a going concern is the yield basis method.

The Hon'ble Supreme Court in Bharat Hari Singhania, reported in 207 ITR page 1, has while construing the provisions of Rule 1D of the Wealth Tax Rules, held that Rule 1D has to be followed in every case where unquoted equity shares of a company (other than an investment company or a managing agency company) have to be valued and all the authorities under the Act are bound by the said Rule. It was held that Rule 1D was exhaustive on the subject.

In view of this decision, the aforesaid question referred to us is answered in the negative in favour of the Revenue and against the assessee. The reference stands disposed of accordingly with no order as to costs.

\* /Mohandas